

EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF CANADA AND THE
GOVERNMENT OF THE REPUBLIC OF KOREA CONSTITUTING AN AGREEMENT
FOR THE AVOIDANCE OF DOUBLE TAXATION OF INCOME FROM
THE OPERATION OF SHIPS OR AIRCRAFT

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*The Minister of Foreign Affairs of the Republic of Korea to the Secretary of
State for External Affairs of Canada*

[Translation]

Seoul, November 15, 1974

Excellency,

I have the honour to refer to conversations which have recently taken place between representatives of our two Governments concerning the conclusion of an Agreement for the avoidance of double taxation of income derived from the operation of ships or aircraft in international traffic. As a result of these conversations, I have been instructed by my Government to propose that an Agreement be concluded between the Government of the Republic of Korea and the Government of Canada in the following terms:

1. The Government of the Republic of Korea shall exempt from income tax, the business tax and any other taxes on profits imposed by it, the earnings derived by a Canadian enterprise from the operation by that enterprise of ships or aircraft in international traffic.

2. The Government of Canada shall exempt from income tax and any other taxes on profits imposed by it, the earnings derived by a Korean enterprise from the operation by that enterprise of ships or aircraft in international traffic.

3. The tax exemption provided in paragraphs 1 and 2 above shall also apply to the income of a Korean or Canadian enterprise which participates in a pool, a joint business or an international organization engaged in the operation of ships or aircraft in international traffic.

4. For the purposes of this Agreement:

(a) "Canadian enterprise" shall mean the Government of Canada, a physical person ordinarily resident in Canada and not ordinarily resident in Korea and a corporation or other body of persons managed and controlled in Canada.

(b) "Korean enterprise" shall mean the Government of the Republic of Korea, a physical person ordinarily resident in the Republic of Korea and not ordinarily resident in Canada, and a corporation or other body of persons managed and controlled in the Republic of Korea.

5. As regards the application of this Agreement by one of the Contracting Governments, any term not otherwise defined shall, unless the context